

Message Text

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PAGE 01 CAIRO 14505 312026Z
ACTION EB-08

INFO OCT-01 NEA-10 ISO-00 SP-02 USIA-06 AID-05 NSC-05
TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 PA-01 PRS-01 /080 W
-----005071 010542Z /23

R 311451Z AUG 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 8923
INFO AMCONSUL ALEXANDRIA
AMEMBASSY JIDDA

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E.O. 11652: N/A
TAGS: EFIN, EG
SUBJECT: EGYPTIAN DEVELOPMENT BONDS

REF: (A) CAIRO 11894, (B) CAIRO 14066

1. ACCORDING CAIRO PRESS, MINFIN DR. SALEH HAMED ISSUED DECREE
AUG 30 PROVIDING FOR ISSUE OF SECOND TRANCHE GOE DOLLAR-
DENOMINATED DEVELOPMENT BONDS. REPORT STATES FIRST OFFERING OF
\$50 MILLION IN BONDS (MAY 77) WAS OVERSUBSCRIBED AND TO MEET
DEMAND MINFIN AUTHORIZED INCREMENTAL ISSUE OF \$80 MILLION,
BRINGING FIRST TRANCHE TOTAL TO \$130 MILLION.

2. ARTICLE CLAIMS NEW OFFERING WILL TOTAL \$119.5 MILLION
(APPROXIMATELY \$250 MILLION AUTHORIZED BY LAW WHEN ADDED
TO FIRST TRANCE TOTAL CITED APRA 1). LEGISLATION ALSO
PROVIDES FOR 11 PERCENT ANNUAL INTEREST PAYMENT AND BOND
ISSUES OF SIMILAR SIZE EACH YEAR, ACCORDING PRESS. SUB-
SCRIPTIONS WILL BE ACCEPTED BY ALL BRANCHES OF CENTRAL
BANK ON SEPTEMBER ONE.

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3. COMMENT: FIGURES CITED BY PRESS ARE MISLEADING. AS
INDICATED REF A, LOCAL BANKING SOURCES EARLIER INFORMED
EMBOFFS THAT SALE OF FIRST PORTION OF BOND ISSUE FRUSTRATED
BY NUMBER OF LEGAL COMPLEXITIES WHICH PROHIBITED SAUDI
PARTICIPATION. INITIAL \$50 MILLION OFFERING TAKEN UP
BY LOCAL BANKS ONLY AFTER PRESSURE PUT ON BY GOE. FIRST
OFFERING OVERSUBSCRIBED BY \$17 M, WITH BANKS ACCOUNTING

FOR MOST PURCHASES (REF B),. SECOND TRANCHE OFFERING
MAY BE IN TROUBLE UNLESS LEGAL PROBLEMS HAVE BEEN
ELIMINATED AND SAUDI PARTICIPATION POSSIBEL. MOREOVER,
AS SEPT 1 ("ONLY POSSIBLE DAY TO SUBSCRIBE," ACCORDING
PRESS ACCOUNT) HAS NOW BEEN SCHEDULED AS LOCAL HOLIDAY,
INITIAL RESPONSE LIKELY WILL BE SOMEWHAT DELAYED.
FINALLY, \$250 MILLION AUTHORIZATION FIGURE IN PRESS
INACCURATE, AS EARLIER INFO ON LEGISLATION SET LIMIT
AT \$200 MILLION.
EILTS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT BONDS, CENTRAL BANK, GOVERNMENT REFORM
Control Number: n/a
Copy: SINGLE
Sent Date: 31-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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From: CAIRO
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ISecure: 1
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SAS ID: 1565641
Secure: OPEN
Status: NATIVE
Subject: EGYPTIAN DEVELOPMENT BONDS
TAGS: EFIN, EG
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